

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: Hampden County Regional Retirement Board

FROM: John W. Parsons, Esq., Executive Director

RE: Approval of Funding Schedule

DATE: November 9, 2020

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on July 1 and January 1 of each fiscal year. The schedule is effective in FY21 (since the amount under the prior schedule was maintained in FY21) and is acceptable under Chapter 32.

The revised schedule reflects a reduction in the investment return assumption from 7.50% to 7.15%.

If you have any questions, please contact PERAC's Actuary, John Boorack, at (617) 666-4446, extension 935.

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Enc.



Funding Schedule 1

Fully funded by June 30, 2036
 Appropriations increase 8.00% per year through fiscal 2030
 and 3.75% per year thereafter

(1) Fiscal year ended June 30	(2) Employer Normal Cost	(3) Amortization of Remaining Unfunded Liability	(4) Actuarially Determined Contribution (ADC): (2) + (3)	(5) Total Unfunded Actuarial Accrued Liability at Beginning of Fiscal Year	(6) Percent Increase in ADC Over Prior Year
2021	\$8,318,602	\$25,598,826	\$33,917,428	\$433,629,986	--
2022	8,619,620	28,011,202	36,630,822	437,674,885	8.00%
2023	8,931,464	30,629,824	39,561,288	439,468,377	8.00%
2024	9,254,523	33,471,668	42,726,191	438,632,277	8.00%
2025	9,589,198	36,555,088	46,144,286	434,743,481	8.00%
2026	9,935,904	39,899,925	49,835,829	427,329,303	8.00%
2027	10,295,071	43,527,624	53,822,695	415,862,364	8.00%
2028	10,667,146	47,461,365	58,128,511	399,754,994	8.00%
2029	11,052,590	51,726,202	62,778,792	378,353,091	8.00%
2030	11,451,880	56,349,215	67,801,095	350,929,398	8.00%
2031	11,865,512	58,478,124	70,343,636	316,676,141	3.75%
2032	12,293,998	60,687,524	72,981,522	277,731,695	3.75%
2033	12,737,869	62,980,460	75,718,329	233,675,871	3.75%
2034	13,197,675	65,360,091	78,557,766	184,055,229	3.75%
2035	13,673,984	67,829,698	81,503,682	128,380,580	3.75%
2036	14,167,388	67,275,844	81,443,232	66,124,304	-0.07%
2037	14,678,495	0	14,678,495	0	-81.98%

Notes:

Fiscal 2021 Actuarially Determined Contribution set equal to budgeted amount.

Actuarially Determined Contributions are assumed to be paid on July 1 and December 31.

Item (2) reflects 3.25% growth in payroll, plus an additional 0.15% adjustment to total normal cost to reflect the effects of mortality improvement due to generational mortality assumption.

Projected normal cost does not reflect the impact of pension reform for future hires.

Projected unfunded actuarial accrued liability does not reflect the recognition of deferred investment gains.